**SUPPORTING STATEMENT**

**Form 1099-K**

**OMB # 1545-2205**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

This form is in response to section 3091(a) of Public Law 110-289, the Housing Assistance Tax Act of 2008 (Div. C of the housing and economic Recovery Act of 2010). The form reflects payments made in settlement of payment card and third party network transactions for purchases of goods and/or services made with payment cards and through third party networks.

2. USE OF DATA

Form 1099-K will allow the capture of data that reports payments made in settlement of payment card and third party network transactions to be used to compare taxpayer-reported income on individual and corporate tax return forms with data submitted by payment settlement entities.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

 Upon approval, there are plans to offer electronic filing of Form

1099-K.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible. Payments that are reportable under sections 6050W, 6041, and 6041A, are now reportable solely under section 6050W if they meet 6050W threshold reporting requirements. If settlement payments do not meet the threshold for reporting under section 5060W, they will continue to be reported under sections 6041 and 6041A, as appropriate.

 5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

 There are no small entities affected by this collection.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR

 POLICY ACTIVITIES

If the IRS did not collect this information, the IRS would not be able to capture the data that reports payments made in settlement of payment card and third party network transactions. Therefore, the IRS will not be able to compare taxpayer-reported income on individual and corporate tax return forms with data submitted by payment settlement entities.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE

 INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON

 AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF

 INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 1099-K.

In response to the Federal Register notice (80 FR 79651), dated

December 22, 2015, we received no comments during the comment period regarding this form.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

 Number of Response Total

 Form Responses Hours Burden

 1099-K 9,436,100 29 minutes 4,529,328

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

After consultation with various functions within the Service, we have determined that the cost of developing, printing, processing, distribution and overhead for the form is $500,000.

15. REASONS FOR CHANGE IN BURDEN

The estimated numbers of filers have increased by 9,434,100, which will result in an adjustment increase of 3,207,594 hours.

Also, several number of lines were added, which will result in a program change increase of 1,321,054 hours. Form changes include the addition of a payment identification settlement box so that payee’s know the source of the information on the form and an additional checkbox was created for filers to check their identity as payment settlement entities (PSE) or as electronic payment. The reporting of backup withholding is now reported on Box 4 as determined in Notice 2011-88, which postponed the effective date for withholdings until December 31, 2012 as required in section 6050W. A checkbox was also added for 2nd TIN notices if the filer was notified twice within three calendar years that the payee provided an incorrect TIN, so that the IRS will not send any further notices about the account.

\*\*\*We had other changes to the form during the 2013/2014 Cycle. Those changes are now being included during this renewal process which will change the burden in this submission.  The new estimated time will be reflected on the next Ok-to-Print Cycle in the General Instructions. We submitted a submission around October 2012 and it was approved approximately February 2013.  The other changes came in after the approval.

We are also making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure will sunset as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.

**Note:** The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.